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Delaware audit critical of Wise tactic

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The Delaware school district formerly headed by Duval County schools Superintendent Joseph Wise improperly transferred about \$30 million during the final months of his tenure, according to a report released Wednesday by the Delaware state auditor.

The transfers were made without proper documentation between July and February. Wise left the district for Duval County in November.

David Sundstrom, Wise's chief of staff, and Thresa Giles, chief business officer for the Duval system, said there was absolutely no wrongdoing by the Delaware administration and all transfers were approved by the Delaware Department of Education.

Both Sundstrom and Giles worked for Wise in similar capacities in Delaware. Both were appointed to their Duval positions in March.

The Christina school district has a deficit of \$12 million to \$15.5 million this year, and officials announced during a school board meeting this week that they estimate about a \$20 million deficit in the 2007 fiscal year, according to the The News Journal of Wilmington.

A spokeswoman for the Christina district didn't return phone calls Wednesday.

The audit shows that the district, under Wise's leadership, purposely circumvented the state's accounting practices, State Auditor of Accounts Tom Wagner said Wednesday.

"You can see how they've gone from paying their bills to not being able to pay their bills because they were transferring dollars from account to account," he said. "If you're playing a shell game, you're eventually going to run out of money."

The \$31 million in transfers questioned by auditors involved Christina officials using money intended for several construction projects to temporarily finance the purchase and renovation of a new middle school, until the state reimbursed them through the sale of bonds.

Giles said the Department of Education gave them permission to use the funds and signed the check for the purchase and renovation of the new middle school.

After they were reimbursed, Christina officials recorded the transaction by filling out a form ordinarily used to fix accounting mistakes. Wagner said that practice circumvented the state's accounting system and violated Delaware code. The district should've sought permission from the Department of Education and the Office of Budget and Management by filling out a document used for transfers, Wagner said.

Giles disagrees.

"There is nothing illegal about it. There is nothing wrong with it," she said.

Officials from the Department of Education weren't available for comment Wednesday evening.

Wise, who was occupied most of Wednesday with the release of Duval County's FCAT results, said moving funds in that manner isn't against Delaware code and is a common practice among other school districts in the state and in past school administrations.

Only now has the auditor's office raised issue with the practice, he said.

Other findings in the audit included using state money to pay for local programs until local money was available, and using money intended for school programs to pay staff.

Sundstrom said the release of the audit was inappropriate, because it is part of a statewide audit involving other agencies, the findings of which haven't been released.

Wagner said there haven't been significant findings among other agencies. The audit was prompted by the deficit in Christina, Wagner said.

Past state audits cited the district for not accurately documenting its financial and operating transactions. In past interviews Wise said he believes the audits and the deficit is attributed to the election-year posturing of his political enemies.

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